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THE CANADIAN ECONOMY

AND

ITS IMPLICATIONS FOR IMMIGRATION

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JUNE 1983

EFFECTS OF RECESSION ON OUTPUT AND EMPLOYMENT

* THE CANADIAN ECONOMY BEGAN TO IMPROVE EARLY THIS YEAR. THE RECESSION WHICH WE HAVE JUST COME THROUGH WAS THE MOST SEVERE SINCE THE 1930'S AND IT WILL BE TWO TO THREE YEARS BEFORE THE ECONOMY FULLY RECOVERS.

* OUTPUT. THE RECESSION LASTED FROM MID-1981 TO THE END OF 1982 .... SIX QUARTERS. DURING THESE SIX QUARTERS OUTPUT IN CANADA DECLINED 7.5%. IN 1982 OUTPUT DECLINED BY 4.8% COMPARED TO AN AVERAGE ANNUAL GROWTH DURING THE PRECEDING FIVE YEARS OF 2.4%. THE DECLINE CUT ACROSS ALL SECTORS OF PRODUCTION: CONSUMER GOODS, BUSINESS INVESTMENT, AND, REFLECTING THE DOWNTURN IN THE REST OF THE WORLD, EXPORT PRODUCTS.

* LOSS OF JOBS DURING RECESSION. EMPLOYMENT DECLINED IN EACH OF THE SIX QUARTERS OF THE RECESSION FOR A TOTAL LOSS OF 535,000 JOBS, OR 4.9%. IN 1982 EMPLOYMENT DECLINED BY 359,000 JOBS OR 3.3% COMPARED TO AN AVERAGE ANNUAL GROWTH DURING THE PRECEDING FIVE YEARS OF 2.9%.

* IMPROVEMENT SINCE DECEMBER 1982. THE PICTURE FOR BOTH OUTPUT AND EMPLOYMENT BEGAN TO IMPROVE IN DECEMBER. WHILE DATA FOR

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TOTAL OUTPUT FOR THE FIRST QUARTER OF THIS YEAR ARE NOT AVAILABLE THE FIGURES THAT ARE AVAILABLE SHOW THAT PRODUCTION INCREASED QUITE STRONGLY IN THE FIRST QUARTER. MOREOVER, THIS IMPROVEMENT IS WIDE SPREAD PROVIDING A BASE FOR CONTINUED MODERATE GROWTH THROUGH THE REMAINDER OF THE YEAR.

* EMPLOYMENT, WHICH INCREASED BY 135,000 BETWEEN NOVEMBER 1982 AND APRIL 1983, REFLECTS THIS INCREASE IN ECONOMIC ACTIVITY. EMPLOYMENT IS STILL, HOWEVER, 460,000 BELOW ITS AUGUST 1981 PEAK OF 10,994,000, SEASONALLY ADJUSTED, (THE ECONOMIC SLOW-DOWN BEGAN IN AUGUST).

EFFECTS OF RECESSION ON EMPLOYMENT BY AGE-SEX

* YOUTH EMPLOYMENT. THE DECLINE IN EMPLOYMENT WAS PARTICULARLY SEVERE FOR YOUTH. THIS GROUP HAS LOST 421,000 JOBS SINCE AUGUST 1981. IN CONTRAST TO ADULT MALES AND ADULT FEMALES YOUTH EMPLOYMENT CONTINUED TO DECLINE IN THE FIRST FOUR MONTHS OF THIS YEAR. THE PROSPECTS FOR AN IMPROVEMENT IN YOUTH EMPLOYMENT DURING THE REMAINDER OF THE YEAR ARE BLEAK. THIS PESSIMISTIC OUTLOOK IS BASED ON THE FACT THAT EMPLOYERS MUST IMPROVE THE OUTPUT (PRODUCTIVITY) OF THEIR OPERATIONS AND CALL BACKS WILL BE BASED ON EXPERIENCE AND SENIORITY WHERE UNIONS ARE ESTABLISHED.

* ADULT FEMALE EMPLOYMENT. ADULT FEMALE EMPLOYMENT DECLINED IN ONLY ONE QUARTER DURING THE RECESSION AND, IN FACT, HAS INCREASED BY 99,000 SINCE AUGUST 1981. THE GAINS WHICH OCCURRED DURING THE RECESSION WERE, HOWEVER, IN PART-TIME EMPLOYMENT: FULL-TIME EMPLOYMENT DECLINED DURING THIS PERIOD. THIS, OF COURSE, RESULTED IN A DECLINE IN CONSUMER PURCHASING POWER DURING THE RECESSION. BOTH FULL-TIME AND PART-TIME FEMALE EMPLOYMENT HAVE INCREASED STEADILY SINCE DECEMBER 1982.

* ADULT MALE EMPLOYMENT. ADULT MALE EMPLOYMENT DECLINED BY 229,000 DURING THE RECESSION. THOUGH PART-TIME EMPLOYMENT OF ADULT MALES INCREASED DURING THE RECESSION, THE INCREASE WAS

MARGINAL AS EVIDENCED BY THE OVERALL DECLINE OF 229,000. MALE FULL-TIME EMPLOYMENT INCREASED STRONGLY IN BOTH MARCH AND APRIL AND PART-TIME WORK HAS BEEN INCREASING STEADILY SINCE DECEMBER. ADULT MALE EMPLOYMENT IS STILL, HOWEVER, 138,000 JOBS BELOW ITS AUGUST 1981 PRE-RECESSION LEVEL.

EFFECTS OF RECESSION ON UNEMPLOYMENT RATES BY AGE-SEX

* THE DECLINES IN EMPLOYMENT WERE TRANSLATED INTO PARALLEL INCREASES IN UNEMPLOYMENT.

* YOUTH UNEMPLOYMENT. AS SHOWN BY THIS CHART YOUTH UNEMPLOYMENT INCREASED SUBSTANTIALLY DURING THE 1970'S WITH THE LARGE INFLUX OF YOUNG PEOPLE INTO THE LABOUR FORCE. AS A RESULT OF THIS INFLUX YOUTH UNEMPLOYMENT RATES WERE ABOUT 2 1/2 TIMES GREATER THAN FOR ADULTS DURING THE MID-1960'S.

* THIS ALREADY POOR SITUATION WAS EXACERBATED BY THE SHARP DECLINE IN YOUTH EMPLOYMENT DURING THE PAST 1 1/2 YEARS. DURING THIS PERIOD YOUTH UNEMPLOYMENT RATES SHOT UP FROM 11.8% IN AUGUST 1981 TO 21.5% IN APRIL 1983.

* ADULT MALE UNEMPLOYMENT. THE ADULT MALE UNEMPLOYMENT RATE PEAKED AT 10.4% IN NOVEMBER 1982 AND HAS DECLINED STEADILY TO 9.4% IN APRIL 1983.

* THE UNEMPLOYMENT RATE FOR ADULT MALES HAS BEEN BELOW THAT OF ADULT WOMEN SINCE MID-1960'S. DURING THE RECESSION, HOWEVER, THE RATE FOR ADULT MALES INCREASED AT A MUCH FASTER RATE THAN THAT OF ADULT FEMALES AS EMPLOYMENT IN GOODS-PRODUCING INDUSTRIES DECLINED MUCH MORE SHARPLY THAN IN SERVICE-PRODUCING INDUSTRIES.

The respective declines between August 1981 and December 1982 were 573,000 (14.0%) in goods-producing and 93,000 (1.3%) in service-producing. As a result of these declines the rate for adult males moved above that of the rate for adult females.

* This situation reversed itself early this year, i.e. the adult male unemployment rate fell below that of adult females, as employment in goods-producing industries improved.

* Adult Female Unemployment. As in the case of youth, the unemployment rate for adult females increased during the period 1974 to 1978. The adult female increase was, however, due to increased participation rates rather than to a bulge in source population as was the case with youth.

* The past 1 1/2 years, the adult female unemployment rate rose steadily to 10.4% in March 1983, declining to 10.0% in April 1983.

WHERE WE'RE AT

* THE CANADIAN ECONOMY CONTINUES TO IMPROVE. THIS IS REFLECTED IN THE INCREASE IN EMPLOYMENT OF 135,000 JOBS WHICH WAS DISCUSSED EARLIER AND THE SLIGHT DECLINE IN THE UNEMPLOYMENT RATE FROM 12.8% TO 12.5%. THE MAIN FACTORS BEHIND THIS TURNAROUND ARE IMPROVEMENTS WHICH HAVE OCCURRED IN:

  INFLATION
  WAGE SETTLEMENTS
  INTEREST RATES
  CORPORATE PROFITS

* INFLATION. THE DECLINE IN THE RATE OF INFLATION FROM A HIGH OF 13.0% IN MID-1980 TO 6.6% IN MAY 1933 IS THE RESULT OF A SLOWDOWN IN IMPORT PRICE INCREASES, RAW MATERIAL PRICES AND WAGE COSTS. IN PARTICULAR, THE SHARP INCREASES IN CRUDE OIL PRICES OF THE PAST TWO YEARS HAVE NOW PASSED THROUGH THE SYSTEM. THE INFLATION RATE IS EXPECTED TO CONTINUE TO DECLINE OVER THE SHORT TERM.

* WAGE SETTLEMENTS. WAGE SETTLEMENT INCREASES HAVE DECLINED FROM A HIGH OF 14.3% TO 6.6%. THE SLOWDOWN REFLECTS, IN PART, THE IMPACT OF THE RECESSION ON WAGE BARGAINING, THE SLACKNESS IN THE LABOUR MARKET AND TRADE-OFFS BETWEEN JOB SECURITY AND LARGER WAGES. WAGES INCREASES ARE EXPECTED TO CONTINUE TO DECLINE OVER THE SHORT TERM.

* Continued declines in inflation should result in real wage gains this year compared with declines of the previous four years. This will boost consumer purchasing power and the overall economy as increased consumer expenditures work through the system.

* Interest Rates. The major factor in the turnaround of the economy has been the decline in interest rates from the high of 21%* to the current level of 9.5%*. The decline in Canadian interest rates was tied to the decline in U.S. rates which have fallen from a high of 14.0% in May 1981 to 8.5% in May 1983 and to the decline in the rate of inflation.

* Interest rates both in the U.S. and Canada are expected to continue to decline over the short term but at a much slower rate than during the past year.

* Corporate Profits. Corporate profits share of GNP declined from 10.7% in the second quarter 1981 to 6.7% in the fourth quarter 1982, the normal range is 9% to 13%. Corporate profits increased by 21% in the first quarter of this year but are still more than one-third below their pre-recession levels of the second quarter 1981. The current improvement in profits is a

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* Bank of Canada rates

RESULT OF HIGHER SALES COUPLED WITH SAVINGS FROM LOWER OPERATING COSTS, EXTRAORDINARILY LOW INVENTORY LEVELS AND REDUCED INTEREST COSTS.

* Corporate profits are expected to increase sharply through the remainder of this year and 1984. Many firms are carrying large debt loads and it is expected that corporations will use these profits to retire some portion of their existing debt before undertaking any major expansions.

* Plant Utilization. Plant (manufacturing) utilization was only 63% in the last quarter of 1982 which translates into an extraordinarily high level of excess capacity. This, coupled with the liquidity problems which many firms carried over from the recession and the moderate growth which is expected this year, makes a substantial pick-up in business investment highly improbable until mid-1984.

OUTPUT AND EMPLOYMENT OUTLOOK TO 1985

* Output. The Canadian economy is expected to increase by about 2.3%* in 1983. Output will strengthen as the year progresses, particularly during the second half of the year. As a result real GNP is expected to increase by 6.5%* between the fourth quarter 1982 and the fourth quarter 1983. Growth in 1983 will come primarily from a slowdown in inventory accumulation, increased residential construction and consumer expenditures.

* Growth in real GNP will be stronger in 1984 as exports strenghten and business investment picks up. Steady growth is expected through 1985 but at a lower pace than in 1984.

* Employment. Employment is expected to improve steadily through the first half of this year and to increase substantially in the second half and through 1984 as the economy picks up momentum. Employment is expected to increase by about 196,000 jobs[x] between the fourth quarter of 1982 and the fourth quarter of 1983. A further increase of 338,000 jobs[x] is expected between the last quarter of 1983 and the last quarter of 1984. Total employment is not expected to return to its pre-recession level of 10,994,000 until early 1985.

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* Department of Finance figures.

x Conference Board of Canada forecast. The Department of Finance forecasts are 194,000 jobs 4Q83 over 4Q82; 431,000 jobs 4Q84 over 4Q83

* ADULT EMPLOYMENT. ADULT EMPLOYMENT HAS BEEN STRENGTHENING STEADILY SINCE EARLY IN THE YEAR AND IS EXPECTED TO INCREASE SUBSTANTIALLY IN THE SECOND HALF OF THE YEAR AND TO RETURN TO ITS PRE-RECESSION LEVEL BY THE END OF THIS YEAR. CONTINUED GROWTH IS EXPECTED IN 1984 AND 1985.

* YOUTH EMPLOYMENT. DURING ECONOMIC RECOVERIES IMPROVEMENT IN YOUTH EMPLOYMENT LAGS THAT OF ADULT EMPLOYMENT AND IT NORMALLY TAKES SEVERAL QUARTERS OF IMPROVED ECONOMIC CONDITIONS AND A DECLINE IN THE UNEMPLOYMENT RATE OF ADULT WORKERS TO APPRECIABLY AFFECT EMPLOYMENT OPPORTUNITIES OF YOUTH. ONLY A WEAK GAINS ARE EXPECTED IN YOUTH EMPLOYMENT IN 1983 AND THE FIRST PART OF 1984. MARKED IMPROVEMENT SHOULD BEGIN TO OCCUR IN THE SECOND HALF OF 1984.

UNEMPLOYMENT RATES BY AGE-SEX

* DURING THE RECESSION THE UNEMPLOYMENT RATE REACHED HISTORICAL LEVELS (12.5% SEASONALLY ADJUSTED IN APRIL 1983). ONLY MARGINAL IMPROVEMENT IS EXPECTED IN UNEMPLOYMENT DURING 1984 AS EMPLOYMENT GROWTH WILL JUST KEEP PACE WITH LABOUR FORCE GROWTH. BY 1985 JOB OPPORTUNITIES SHOULD EXPAND, ABSORBING NEW ENTRANTS INTO THE LABOUR FORCE BUT NOT AT A RATE THAT WILL SUBSTANTIALLY DRAW DOWN THE UNEMPLOYMENT RATE. THE UNEMPLOYMENT RATE IS EXPECTED TO AVERAGE 11.4%[1] AND 10.7%[1] IN 1984 AND 1985, RESPECTIVELY, STILL WELL ABOVE ITS AUGUST 1981 PRE-RECESSION LEVEL OF 6.9%. THE UNEMPLOYMENT RATE IS EXPECTED TO CONTINUE TO DECLINE SLOWLY THROUGH TO 1987 BUT TO REMAIN AT HISTORICALLY HIGH LEVELS THROUGHOUT THE MEDIUM TERM.

* <u>ADULT UNEMPLOYMENT RATE.</u> THE ADULT UNEMPLOYMENT RATE WILL DECLINE CONTINUOUSLY THROUGH THE MEDIUM TERM WITH <u>SUBSTANTIAL IMPROVEMENT COMMENCING IN EARLY 1984.</u> ADULT UNEMPLOYMENT RATE IS EXPECTED TO AVERAGE ABOUT 8.3%[2] IN 1985 COMPARED TO AN AUGUST 1981 LEVEL OF 5.2%.

* <u>YOUTH UNEMPLOYMENT RATES</u>. THE YOUTH UNEMPLOYMENT RATE IS NOT

1/ DEPARTMENT OF FINANCE FORECASTS. CONFERENCE BOARD FORECASTS FOR 1984 AND 1985 ARE 11.5% AND 10.9%, RESPECTIVELY.

2/ CONFERENCE BOARD OF CANADA FORECAST.

expected to decline substantially until well into 1984. As the economy expands in 1985 and 1986 youth unemployment should begin to improve but it will remain at historically high levels through the medium term. Youth unemployment rate is expected to average about 19.4%[1] in 1985.

1/ Conference Board of Canada forecast

EMPLOYMENT BY INDUSTRY AND EXPECTATIONS THROUGH MEDIUM TERM

* BETWEEN 1971 AND 1981 EMPLOYMENT IN THE SERVICE-PRODUCING INDUSTRIES INCREASED BY 2,256,000 JOBS (ABOUT 80% OF TOTAL EMPLOYMENT GROWTH) WHILE EMPLOYMENT IN THE GOODS-PRODUCING INDUSTRIES INCREASED BY 573,000 JOBS (ABOUT 20% OF TOTAL EMPLOYMENT GROWTH). THIS HISTORICAL TREND OF LARGER ABSOLUTE GROWTH IN EMPLOYMENT IN SERVICE-PRODUCING INDUSTRIES RELATIVE TO EMPLOYMENT GROWTH IN GOODS-PRODUCING INDUSTRIES SEEMS LIKELY TO CONTINUE THROUGH THE MEDIUM TERM.

* GOODS-PRODUCING INDUSTRIES. BETWEEN 1971 AND 1981 MANUFACTURING WAS RESPONSIBLE FOR ABOUT 62% OF THE GROWTH IN EMPLOYMENT IN THE GOODS-PRODUCING SECTOR. IT IS EXPECTED THAT OVER THE MEDIUM TERM MANUFACTURING WILL CONTINUE TO BE THE MAIN SOURCE OF EMPLOYMENT GROWTH WITHIN THE GOODS-PRODUCING SECTOR.

* THE LOSS WHICH OCCURRED IN AGRICULTURAL EMPLOYMENT DURING THE PAST TEN YEARS (A DECLINE OF 30,000 JOBS) WAS, OF COURSE, THE RESULT OF PRODUCTIVITY GAINS WHICH ALLOWED INCREASED OUTPUT BY A DECLINING NUMBER OR WORKERS. EMPLOYMENT IN AGRICULTURE STABILIZED IN RECENT YEARS AND NO FURTHER DECLINES ARE EXPECTED IN THIS SECTOR OVER THE MEDIUM TERM.

Employment in other primary industries and construction should show steady growth in the next few years.

* Service-Producing Industries. Despite current apprehension about possible effects of microelectronics on employment, the provision of services will continue to be relatively labour intensive.

* An exception to the rapid growth in demand for services will occur in education which is expected to diminish in the medium term.

* The fastest growth in services employment is expected to be in Business Services, Trade, and Finance, Insurance and Real Estate.

* Effect of Technology on Employment. There are marked differences of opinion on whether the new jobs created in the development and manufacture of new microelectronic products and the application of these products in the goods-producing and service-producing industries will make up for jobs lost to technological change. The application of new technologies will be an on-going process which will improve the output of sectors adopting the new systems. This in turn will lead to higher real wages for those employed and

A GENERAL REDUCTION IN COSTS AND PRICES. THIS WILL INDUCE MORE CONSUMPTION BY HOUSEHOLDS, INCREASED DEMAND FOR PERSONAL AND BUSINESS SERVICES, INCREASED INVESTMENT BY BUSINESSES, I.E. INCREASED EMPLOYMENT.

* THE LOSSES AND GAINS IN EMPLOYMENT WILL NOT LIKELY BE IN THE SAME OCCUPATIONS. IT IS EXPECTED THE USE OF MICRO-ELECTRONICS WILL RESULT IN THE LOSS OF SOME LOWER-SKILLED JOBS, A DESKILLING OF SOME HIGH-SKILLED JOBS AND AN INCREASE IN OTHER HIGH-SKILLED AND HIGHLY-QUALIFIED OCCUPATIONS. THERE WILL, THEREFORE, BE SOME REDEPLOYMENT OF WORKERS FROM LOWER-SKILLED TO HIGHER-SKILLED WORKERS. THIS SHIFT IS NOW OCCURRING TO SOME DEGREE AND IT WILL BECOME MORE INTENSIFIED AS WE MOVE FROM THE MEDIUM- TO LONGER-TERM.

* THE COMBINATION OF CONTINUED HIGH LEVELS OF UNEMPLOYMENT IN CANADA THROUGH TO 1985 AND THE CHANGES WHICH ARE NOW OCCURRING IN SKILL REQUIREMENTS HAS MAJOR IMPLICATIONS FOR IMMIGRANTS THROUGH TO 1985. IT IS EXPECTED THAT DURING THE NEXT TWO TO THREE YEARS THERE WILL BE ONLY A LIMITED NEED TO GO OUTSIDE CANADA FOR WORKERS AND WHERE IT IS NECESSARY TO SEEK WORKERS OUTSIDE CANADA IT WILL BE, FOR THE MOST PART, FOR HIGHLY-SKILLED, HIGHLY-EDUCATED WORKERS.

IMPLICATIONS FOR IMMIGRATION

PRESENTATION

* UNDER CURRENT ECONOMIC CONDITIONS IN CANADA, IT MAY BE TWO TO THREE YEARS BEFORE THE ECONOMY FULLY RECOVERS; THE UNEMPLOYMENT RATE IS EXPECTED TO REMAIN ABOVE 10 PER CENT FOR SOME TIME YET.

* SIGNIFICANT CHANGES IN DEMAND FOR LABOUR ARE PRESENTLY BEING EXPERIENCED AND IT IS PROJECTED THAT TECHNOLOGICAL CHANGES PERSISTING THROUGH THE LONGER-TERM WILL REQUIRE A MORE HIGHLY EDUCATED, MORE HIGHLY SKILLED LABOUR FORCE.

* GENERALLY, NEW IMMIGRANTS MAY BE EXPECTED TO ENCOUNTER THE SAME PROBLEMS THAT MANY CANADIANS WILL FACE IN THE NEXT FEW YEARS, ESPECIALLY THOSE PERMANENT RESIDENTS WHO ARE UNSKILLED EITHER IN OCCUPATIONAL TOOLS OR CANADIAN LANGUAGE ABILITIES.

* THE FOLLOWING SLIDES DESCRIBE IMMIGRATION FLOWS OF THE LAST TWENTY YEARS OR SO, DEFINE THE VARIOUS COMPONENTS OF THE IMMIGRATION MOVEMENT, AND FOCUS ON THE EFFECTS THE ECONOMIC ENVIRONMENT IS LIKELY TO HAVE ON SELECTED WORKER IMMIGRATION IN THE NEXT FEW YEARS.

TOTAL IMMIGRATION AND EMIGRATION 1961 - 1981

PRESENTATION

* IMMIGRANT ANNUAL FLOWS FLUCTUATED WIDELY DURING THE SIXTIES AND SEVENTIES, AND EMIGRANT FLOWS SOMEWHAT LESS.

* EMIGRATION WAS SUBSTANTIAL, ESPECIALLY PRIOR TO 1976, WHICH LESSENED THE IMPACT OF IMMIGRATION ON CANADA'S SOCIAL, CULTURAL AND ECONOMIC ENVIRONMENTS.

* SINCE 1978, HOWEVER, THE FEDERAL GOVERNMENT HAS INTRODUCED COMPONENTS PLANNING AS WELL AS A THREE YEAR PLANNING CYCLE TO REMOVE LARGE FLUCTUATIONS IN ANNUAL IMMIGRATION INTAKE, TO ENHANCE THE CAPACITY FOR MORE PRECISE LONGER-RANGE PLANNING OF LABOUR MARKET ASPECTS OF THE MOVEMENT, AND TO IMPROVE THE EFFECTIVENESS OF SETTLEMENT AND ADAPTATION PROGRAMS.

* ALTHOUGH THE RECENT TREND IN EMIGRATION APPEARS TO BE A DOWNWARD ONE, PROPOSED IMMIGRATION REGULATION CHANGES CURRENTLY BEING CONTEMPLATED BY THE U.S. COULD ALLOW ROOM IN THEIR ANNUAL IMMIGRATION LEVEL FOR 20,000 MORE SELECTED CANADIAN WORKERS THAN PERMITTED SINCE 1978.

* IT MUST BE RECOGNIZED, THEREFORE, THAT EMIGRATION IS A DEMOGRAPHIC VARIABLE WHICH MUST BE TAKEN INTO ACCOUNT WHEN TALKING ABOUT IMMIGRATION.

IMMIGRANT WORKERS AND NET LABOUR FORCE GROWTH 1968-1982 (GRAPH)

PRESENTATION

* TODAY, IMMIGRATION OCCUPIES A LESS CONSPICUOUS POSITION IN THE OVERALL FEDERAL PLAN ORGANIZED TO MEET CANADIAN SOCIAL, CULTURAL AND ECONOMIC NEEDS.

* SELECTED WORKER IMMIGRATION, FOR EXAMPLE, IS NO LONGER EMPLOYED TO GENERALLY AUGMENT CANADIAN LABOUR SUPPLIES, BUT RATHER IS PERCEIVED AS A MECHANISM TO FILL SPECIFIC, HIGH SKILLED VACANCIES WHICH CANNOT BE MET THROUGH DOMESTIC CHANNELS IN THE SHORT RUN.

* THE NUMBER OF IMMIGRANTS DESTINED TO THE LABOUR MARKET ANNUALLY FLUCTUATED SIGNIFICANTLY DURING THE PAST FIFTEEN YEARS, FROM A HIGH OF 106,083 IN 1974 TO A LOW OF 35,240 IN 1978.

* THESE FLUCTUATIONS MAY BE EXPLAINED, IN PART, BY THE LARGE DIFFERENCES EXPERIENCED IN ANNUAL IMMIGRATION INTAKE, THE CHANGING COMPOSITION OF IMMIGRATION, AND ECONOMIC CONDITIONS IN CANADA.

* NET LABOUR FORCE GROWTH IN CANADA CHANGED CONSIDERABLY FROM YEAR TO YEAR, RESPONDING MAINLY TO ECONOMIC CYCLES EXPERIENCED DURING THIS TIMEFRAME.

* THE DRAMATIC DECLINE IN EMPLOYMENT GROWTH FROM 308,000 IN 1981 TO ONLY 49,000 IN 1982 DEMONSTRATES THE IMPACT ECONOMIC ACTIVITY MAY HAVE ON THE SUPPLY OF CANADIAN LABOUR.

IMMIGRANT WORKERS AS A PERCENTAGE OF NET LABOUR FORCE GROWTH, 1968-1982 (GRAPH)

BACKGROUND

* IMMIGRATION'S CONTRIBUTION TO NET ANNUAL LABOUR FORCE GROWTH MAY BE MEASURED BY CONTRASTING INFORMATION BASED ON AN IMMIGRANT'S INTENTION RESPECTING WORK PRIOR TO SETTLING IN CANADA TO ACTUAL NET LABOUR FORCE GROWTH IN A GIVEN YEAR. IT IS RECOGNIZED, HOWEVER, THAT THIS APPRAISAL WILL NOT PRODUCE AN ACCURATE ASSESSMENT BECAUSE IT (1) PROBABLY UNDERESTIMATES THE ACTUAL LABOUR FORCE PARTICIPATION RATE OF IMMIGRANTS ONCE THEY ARE LANDED; (2) POSSIBLY MISREPRESENTS THE YEARS IN WHICH LABOUR FORCE ACTIVITY OCCURS BECAUSE THERE MAY BE A CONSIDERABLE PERIOD OF LABOUR ORIENTED INACTIVITY BETWEEN IMMIGRANT LANDING AND COMMENCEMENT OF FIRST JOB OR JOB SEARCH; AND (3) DOES NOT TAKE INTO CONSIDERATION EMIGRATION, RETIREMENT, DEATHS OR OTHER MEANS OF WITHDRAWAL USED BY IMMIGRANTS FROM THE LABOUR FORCE.

PRESENTATION

* THE FOREIGN BORN CONTINUE TO ACCOUNT FOR A SIGNIFICANT PROPORTION OF THE CANADIAN LABOUR FORCE GROWTH. THE 1981 CENSUS INFORMATION ESTIMATES THAT FOREIGN BORN PERSONS COMPRISED 16.1 PER CENT OF THE CANADIAN POPULATION AND IT IS THOUGHT THAT SUCH PERSONS REPRESENT A SOMEWHAT HIGHER PROPORTION OF THE CURRENT LABOUR FORCE.

* THE CHART REVEALS AN OVERALL DOWNWARD TREND SINCE 1968 IN THE PROPORTION OF NET ANNUAL LABOUR FORCE GROWTH THAT COULD BE DUE TO IMMIGRATION (WITH THE EXCEPTION OF 1982 DATA).

.../2

* WITH ECONOMIC RECOVERY, CANADIAN LABOUR FORCE GROWTH WILL REBOUND AS BOTH NEW AND DISCOURAGED WORKERS BEGIN TO SEEK EMPLOYMENT. CONSEQUENTLY, THE CONTRIBUTION OF IMMIGRATION TO NET LABOUR FORCE GROWTH COULD DECLINE TO THE 15 PER CENT AREA IN THE SHORT RUN.

* IN THE LONGER RUN, CANADIAN LABOUR FORCE GROWTH WILL DECLINE, PERHAPS TO LEVELS BELOW THOSE EXPERIENCED IN THE SEVENTIES, AND IMMIGRATION'S CONTRIBUTION COULD RISE TO A 30 PER CENT TO 40 PER CENT RANGE.

IMMIGRANT WORKERS, BY CLASS, 1980-82 AND 1983 PROJECTED

BACKGROUND

* THERE ARE THREE CLASSES OF IMMIGRANT, EACH OF WHICH SUPPLY WORKERS TO THE CANADIAN LABOUR MARKET.

* FAMILY CLASS IMMIGRANTS ARE ADMITTED TO REUNITE PREVIOUSLY LANDED IMMIGRANTS WITH THEIR CLOSE RELATIVES FROM ABROAD AND, AS SUCH, ARE NOT ASSESSED AGAINST IMMIGRATION SELECTION CRITERIA. MANY OF THESE EVENTUALLY ENTER THE CANADIAN LABOUR FORCE.

* REFUGEE RESETTLEMENT IN CANADA IS BASED ON HUMANITARIAN AND COMPASSIONATE GROUNDS AND ASSESSMENT AGAINST RELAXED LABOUR MARKET CRITERIA. NONETHELESS,THESE PERMANENT RESIDENTS ARE EXPECTED TO ADJUST ECONOMICALLY AS SOON AS POSSIBLE BY SECURING FULL TIME EMPLOYMENT.

* PRINCIPAL APPLICANTS IN THE INDEPENDENT CATEGORY REPRESENT THE ONLY IMMIGRANTS ENTERING CANADA TO SATISFY SPECIFIC LABOUR MARKET NEEDS. THEIR DEPENDENTS, WHOSE OCCUPATIONAL SKILLS ARE NOT MEASURED, MAY ALSO DECIDE TO WORK ONCE SETTLED.

PRESENTATION

* APPROXIMATELY 50 PER CENT OF IMMIGRANT WORKERS ADMITTED INTO CANADA DURING THE 1980-82 PERIOD LANDED AS PART OF THE FAMILY OR REFUGEE COMPONENTS OF THE IMMIGRATION MOVEMENT.

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* THE NUMBER OF ENTRANTS TO THE LABOUR FORCE ORIGINATING IN THE FAMILY CLASS WAS RELATIVELY STABLE OVER THIS TIME-FRAME--AS EXPECTED--WHILE THE NUMBER OF NEW CANADIAN WORKERS DERIVING FROM REFUGEE INTAKE FLUCTUATED MARKEDLY FROM YEAR TO YEAR--CERTAINLY A RESULT OF DIFFERENCES IN REFUGEE PLANS IN PLACE FOR THOSE YEARS.

* BECAUSE OF THE COMPOSITION OF THE IMMIGRATION MOVEMENT IN RECENT YEARS, THE NUMBER OF FAMILY CLASS ADMISSIONS IS EXPECTED TO RISE IN THE SHORT TO MEDIUM TERMS THUS LEADING TO AN INCREASE IN WORKERS ISSUING FROM THIS CATEGORY.

* AS A RESULT OF THE ECONOMIC DOWNTURN, RESTRICTIONS ON LABOUR MARKET ORIENTED IMMIGRATION WERE IMPOSED IN 1982. A 45 TO 50 PER CENT REDUCTION IN LABOUR FORCE DESTINED INDEPENDENT IMMIGRANTS IS EXPECTED FOR 1983.

* OVERALL, THE NUMBER OF IMMIGRANTS DESTINED TO THE LABOUR MARKET HAS BEEN FALLING STEADILY FROM 63,395 IN 1980 TO 55,472 IN 1982. THIS TREND WILL LIKELY CONTINUE IN 1983 WITH AN ESTIMATED 46,247 IMMIGRANTS EXPECTED TO JOIN THE LABOUR FORCE; FAMILY CLASS, RATHER THAN INDEPENDENTS, HOWEVER, WILL SUPPLY THE LARGEST PROPORTION OF THESE WORKERS.

SELECTED WORKERS, 1980-1982 AND 1983 PROJECTED

BACKGROUND

* PRINCIPAL APPLICANTS IN THE INDEPENDENT CATEGORY ARE ALSO CALLED "SELECTED WORKERS," REFLECTING THE REASON UNDERLYING THEIR ADMISSION TO CANADA--TO SATISFY SPECIFIC LABOUR MARKET SHORTAGES WHICH CANNOT BE MET FROM DOMESTIC SUPPLIES IN THE SHORT RUN.

* THIS CATEGORY OF IMMIGRANTS EXCLUDES (I) ENTREPRENEURS, (II) SELF-EMPLOYED PERSONS, (III) RETIREES AND (IV) PERSONS ADMITTED UNDER SPECIAL MEASURES OR FOR HUMANITARIAN AND COMPASSIONATE REASONS.

PRESENTATION

* BECAUSE THIS COMPONENT OF THE IMMIGRANT MOVEMENT IS COMPLETELY DEPENDENT ON ECONOMIC CONDITIONS IN CANADA, IT IS LOGICAL THAT ADMISSIONS OF THESE FOREIGN WORKERS FALL SIGNIFICANTLY DURING EXTRAORDINARILY SEVERE CYCLICAL DOWNTURNS IN THE DOMESTIC ECONOMY.

* THE DECLINE IN SELECTED WORKER INTAKE, WHICH BEGAN IN 1982, IS EXPECTED TO INTENSIFY DURING 1983 AND DROP TO APPROXIMATELY 7,000--A 60 PER CENT REDUCTION IN INTAKE WHEN COMPARED TO THE PREVIOUS YEAR'S LEVEL.

<u>SELECTED WORKERS WITH AND WITHOUT ARRANGED EMPLOYMENT 1981 AND 1982</u>

<u>BACKGROUND</u>

* SELECTED WORKERS MAY BE FURTHER SUBDIVIDED INTO THOSE ADMITTED

  (I) <u>WITH ARRANGED EMPLOYMENT</u>, I.E., THOSE IMMIGRANTS WHO SECURE A PREARRANGED JOB PRIOR TO LANDING IN CANADA; AND

  (II) <u>WITHOUT ARRANGED EMPLOYMENT,</u> I.E., THOSE IMMIGRANTS WHO DO NOT SECURE A PREARRANGED JOB, BUT ARE VISAED BECAUSE THEY POSSESS OCCUPATIONAL SKILLS WHICH ARE DEEMED IN DEMAND IN CANADA THROUGH OCCUPATIONAL DEMAND RATINGS.

<u>PRESENTATION</u>

* ARRANGED EMPLOYMENT PROVIDES THE BEST OPPORTUNITY FOR MATCHING IMMIGRANTS TO HARD TO FILL VACANCIES IN CANADA, ESPECIALLY DURING PERIODS OF ECONOMIC RECESSION WHEN DEMAND IS RELATIVELY LOW. AS THE CHART DEMONSTRATES, ADMISSIONS OF SELECTED WORKERS WITH ARRANGED EMPLOYMENT ROSE FROM 29.9 PER CENT IN 1981 TO 34.6 PER CENT IN 1982--A 21 PER CENT INCREASE.

* A SIMILAR TREND IS EXPECTED TO EVOLVE DURING 1983. THE FREEZE ON GENERAL SELECTION IMPOSED IN THE SPRING OF 1982, BY APPLYING ZERO DEMAND RATINGS TO ALL OCCUPATIONS, WILL DRASTICALLY REDUCE, IN ABSOLUTE TERMS, IMMIGRATION VIA THIS LABOUR SUPPLY CHANNEL.

.../2

* ALTHOUGH RESTRICTIVE MEASURES WERE ALSO INTRODUCED IN 1982 (JANUARY) IN RELATION TO VALIDATION OF ARRANGED EMPLOYMENT, THE PROPORTION OF VALIDATED ENTRANTS RELATIVE TO TOTAL SELECTED WORKER INTAKE SHOULD CONTINUE TO RISE IN 1983 WHILE OVERALL SELECTED WORKER INFLOW DECLINES.

* EVEN THOUGH THE ECONOMY IS PROJECTED TO RECOVER SIGNIFICANTLY DURING 1983 AND 1984, ARRANGED EMPLOYMENT WILL LIKELY PROVIDE THE MAIN STREAM THROUGH WHICH PRINCIPAL APPLICANTS IN THE INDEPENDENT CATEGORY ARE TO BE VISAED.

OCCUPATIONAL COMPOSITION OF ARRANGED EMPLOYMENT 1982

PRESENTATION

* HISTORICALLY, WORKERS ENTERING CANADA WITH ARRANGED EMPLOYMENT WERE FREQUENTLY HIGHLY QUALIFIED AND HIGHLY SKILLED. OFTEN THEY WERE MEMBERS OF THE NATURAL SCIENCE, ENGINEERING, MATHEMATICS, COMPUTER SCIENCE, ACCOUNTING AND MANAGERIAL, AND MEDICAL AND HEALTH PROFESSIONS, IN KEEPING WITH THE INDUSTRIAL GROWTH TRENDS OF THE TIME AS ALREADY DISCUSSED.

IMMIGRATION PLANNING LEVELS ANNOUNCED
NOVEMBER, 1982

PRESENTATION

* BY NOVEMBER OF 1982, IT WAS OBVIOUS THAT THE RECESSION WOULD LEAVE THE CANADIAN ECONOMY WITH MANY STRUCTURAL PROBLEMS THAT WOULD TAKE TIME TO IRON OUT.

* IN RECOGNITION OF A SLOWER THAN ANTICIPATED RECOVERY, THE ANNOUNCEMENT BEFORE PARLIAMENT ADJUSTED THE NOVEMBER 1981 PROJECTIONS FOR 1983 AND 1984 DOWNWARDS, AND INCLUDED A SLOWLY RISING TREND IN ANNUAL INTAKE TO 120,000- 135,000 BY 1985.

* THE NOVEMBER, 1982 REDUCTIONS IN PROJECTED IMMIGANT INTAKE WERE ACHIEVED MAINLY BY PARING THE SELECTED WORKER COMPONENT OF THE IMMIGRATION MOVEMENT FROM THE 20,000 TO 25,000 LEVEL, PRESENTED A YEAR EARLIER, TO 8,000 TO 10,000.

* A DECELERATION IN REFUGEE RESETTLEMENT WAS ALSO INTRODUCED IN THE 1983 REPORT, MAINLY IN RESPONSE TO THE DIFFICULTY REFUGEES GENERALLY ENCOUNTER IN ADJUSTING FINANCIALLY IN A TROUBLED ECONOMIC ENVIRONMENT.

PROBABLE TONE OF NOVEMBER/83 ANNOUNCEMENT

* ECONOMIC DIFFICULTIES HAVE PROVEN TO BE EVEN MORE STUBBORN THAN ANTICIPATED, AND THIS PHENOMENON MAY PROMPT THE GOVERNMENT TO KEEP THE 1983 PROJECTIONS FOR 1984, 1985 AND 1986 LEVELS LEAN.

* WHILE THE SELECTED WORKER COUNTS MIGHT BE RAISED MARGINALLY, THE TOTAL INTAKE, BARRING A MAJOR INTERNATIONAL INCIDENT, IS NOT LIKELY TO RETURN TO THE 1981 LEVEL FOR SOME TIME.

OUTLINE

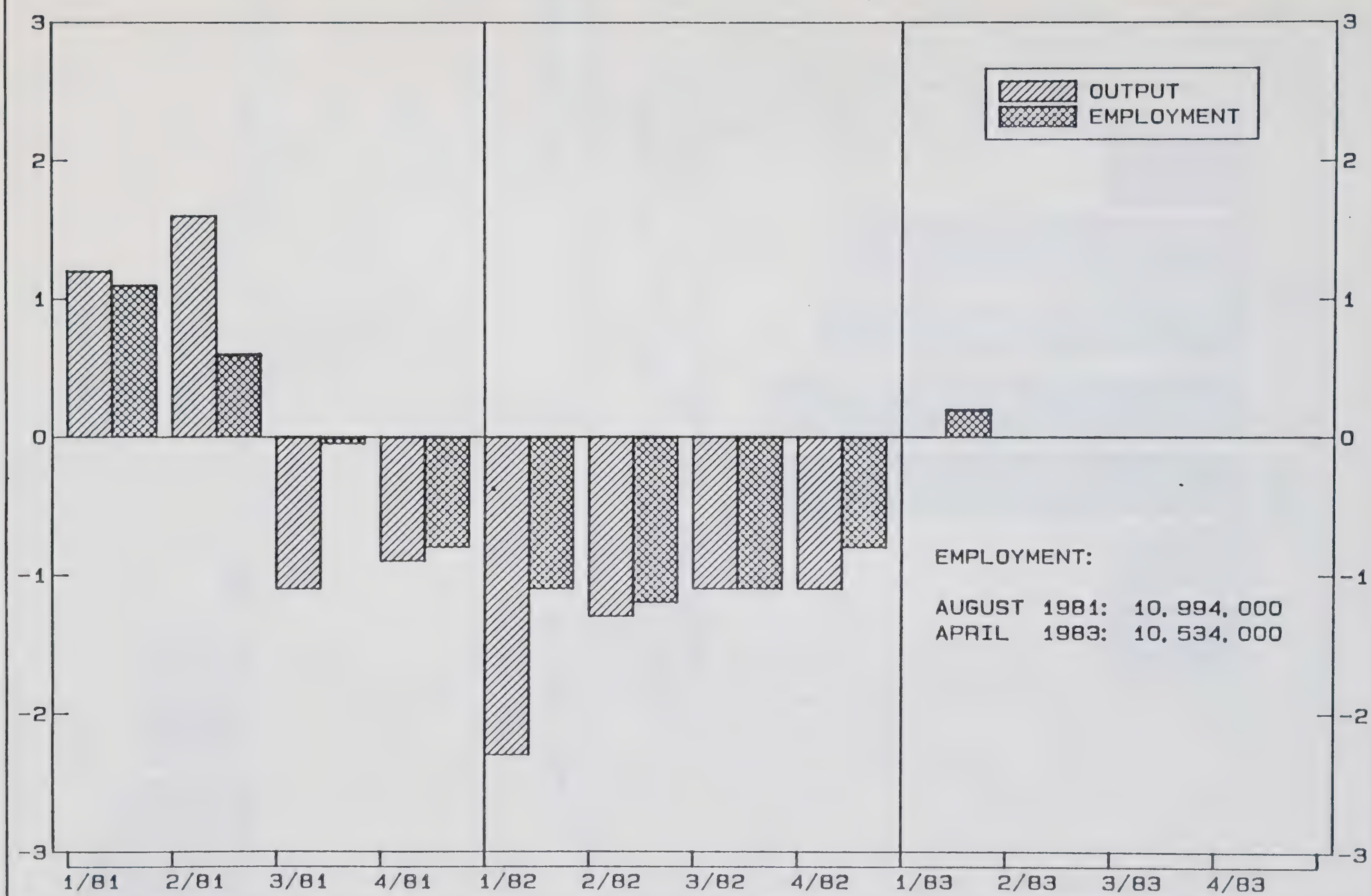
THE CANADIAN ECONOMY

THE EFFECTS OF THE RECESSION
WHERE WE'RE AT
EMPLOYMENT OUTLOOK TO 1985
UNEMPLOYMENT OUTLOOK TO 1985
EMPLOYMENT BY INDUSTRY

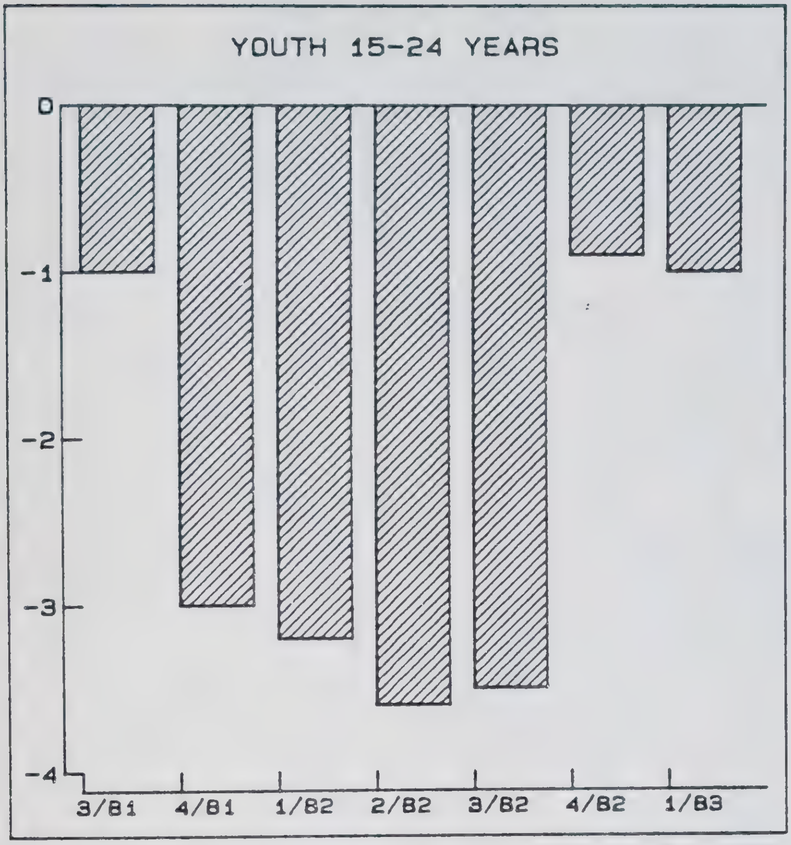
IMPLICATIONS FOR IMMIGRATION

TOTAL IMMIGRATION AND EMIGRATION
PAST CONTRIBUTION OF IMMIGRATION TO GROWTH
LANDINGS OF WORKERS
IMMIGRATION AND THE LABOUR MARKET
PLANNING LEVELS FOR IMMIGRATION

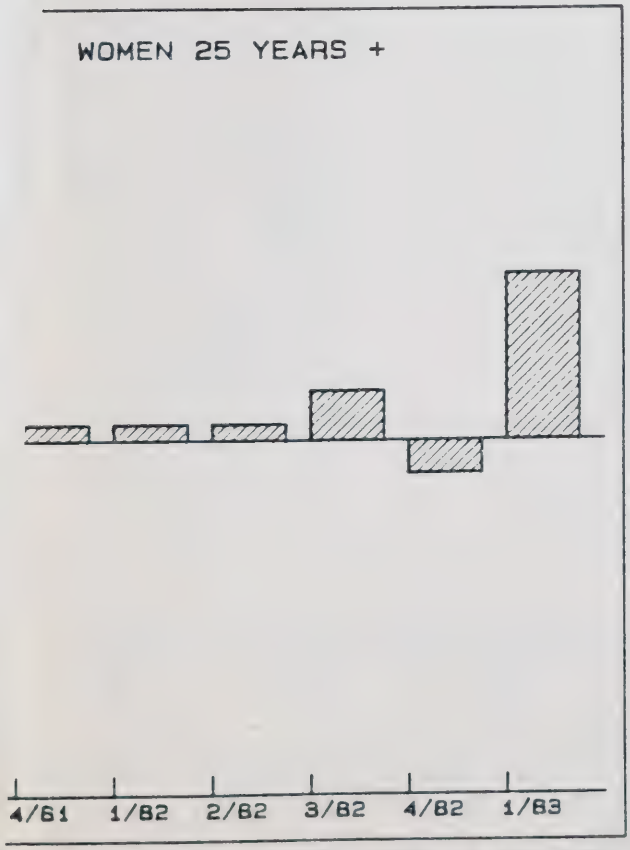
EFFECTS OF THE RECESSION ON OUTPUT AND EMPLOYMENT
(QUARTER/QUARTER PERCENTAGE CHANGE)



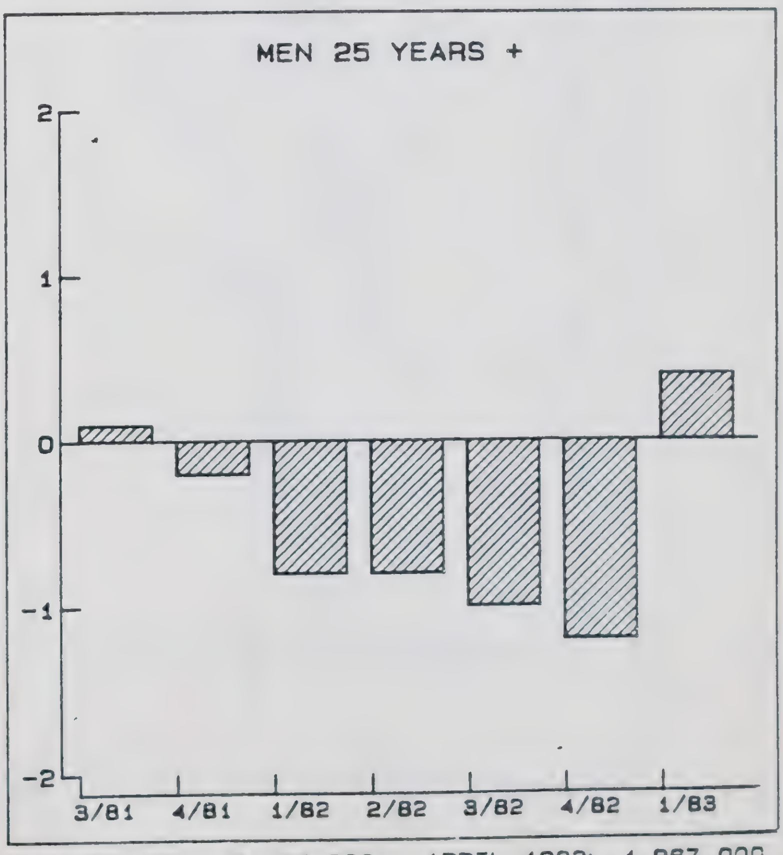
EFFECTS OF RECESSION ON EMPLOYMENT BY AGE-SEX
(QUARTER TO QUARTER PERCENTAGE CHANGE)



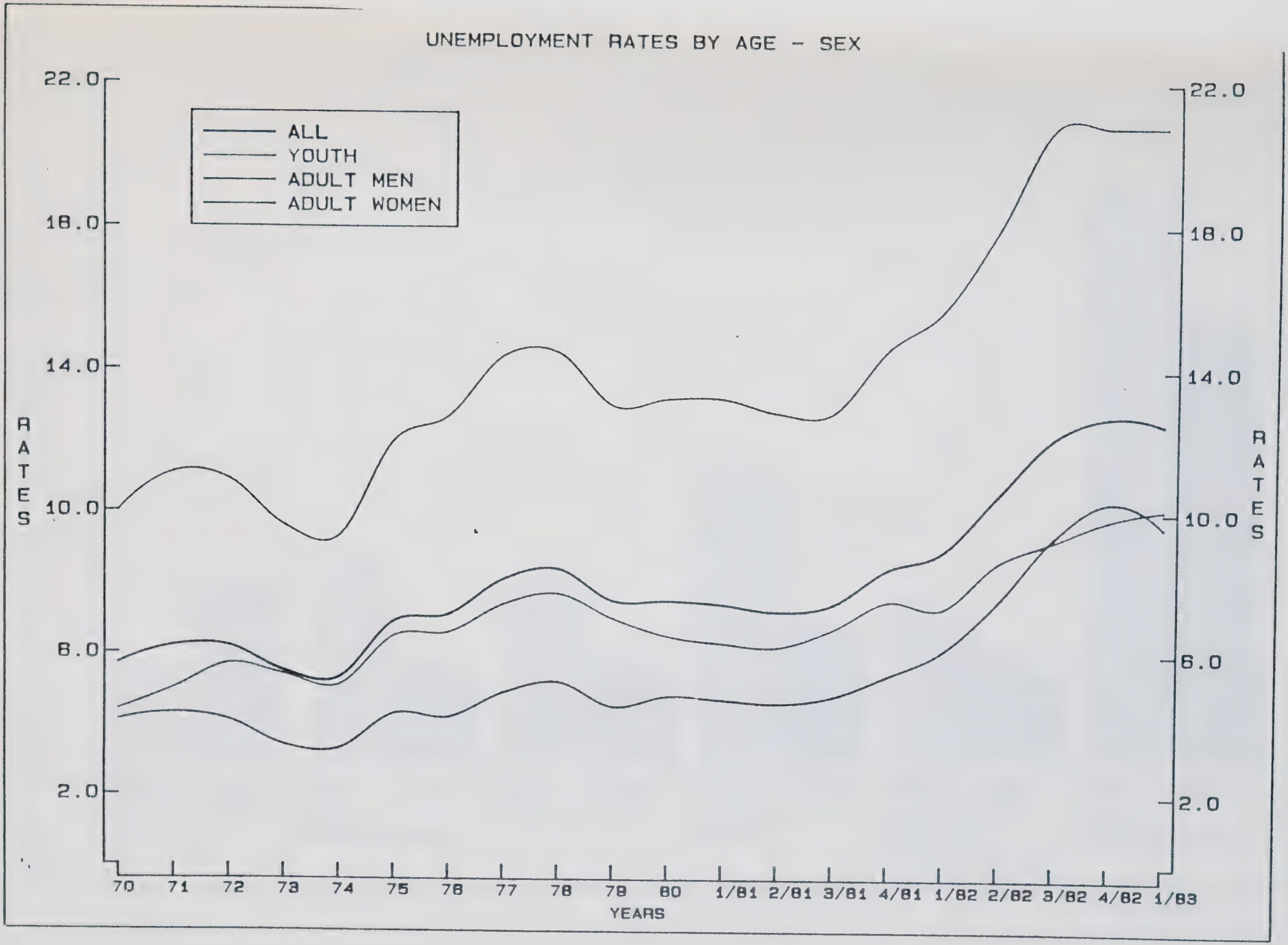
AUGUST 1981: 2, 702, 000   APRIL 1983: 2, 281, 000



81: 3, 187, 000   APRIL 1983: 3, 288, 000



AUGUST 1981: 5, 105, 000   APRIL 1983: 4, 987, 000



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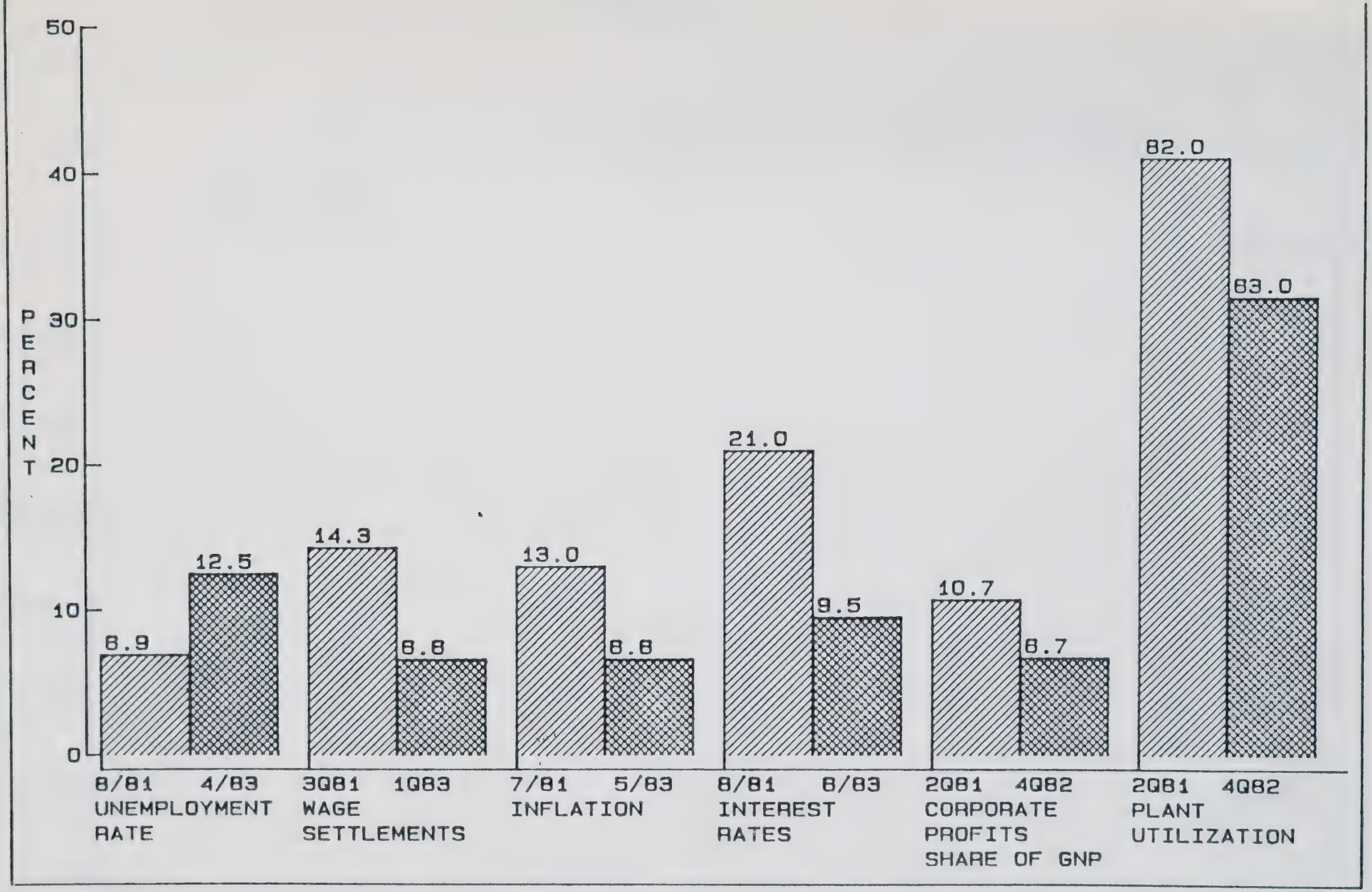
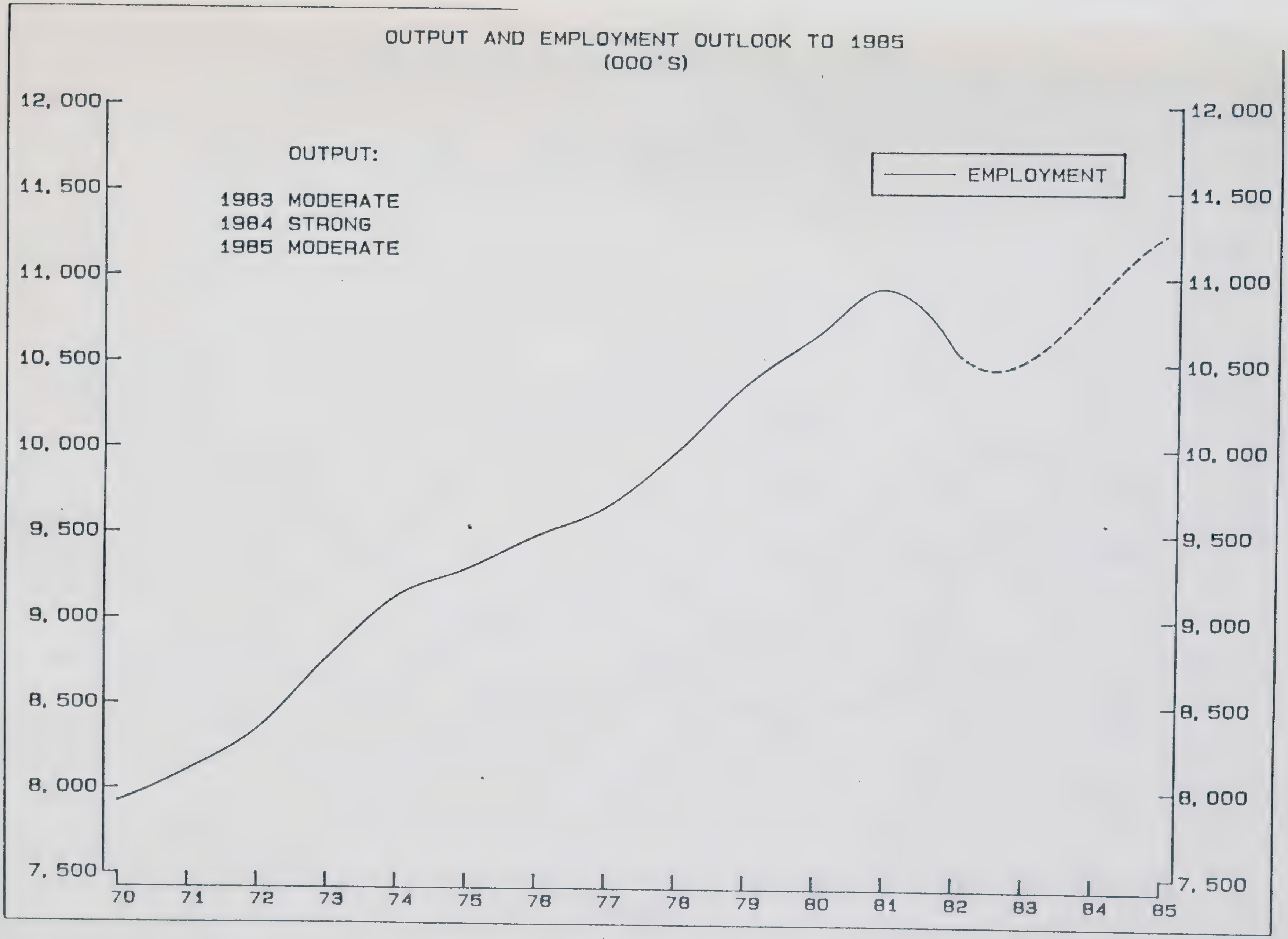
WHERE WE'RE AT





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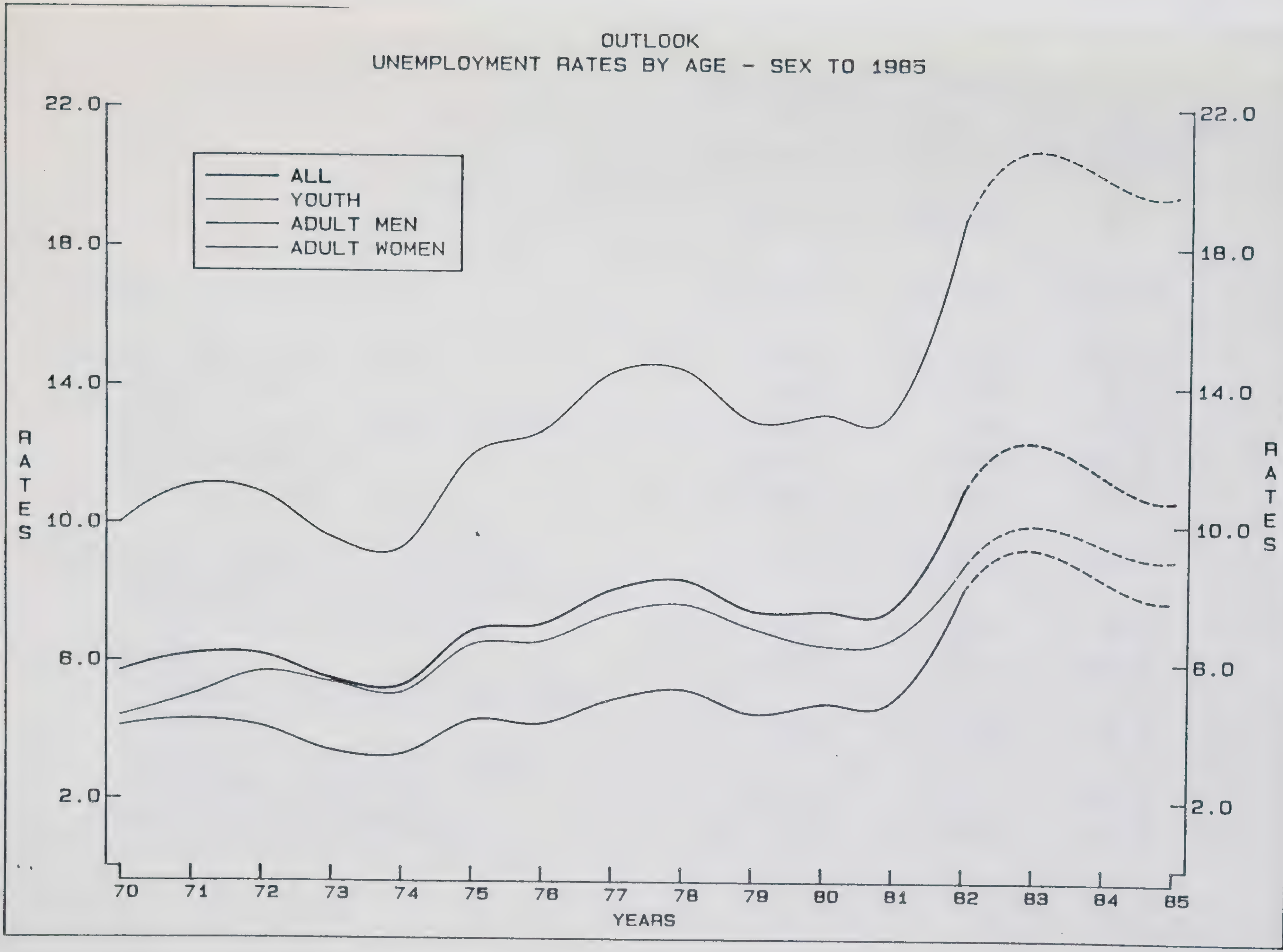
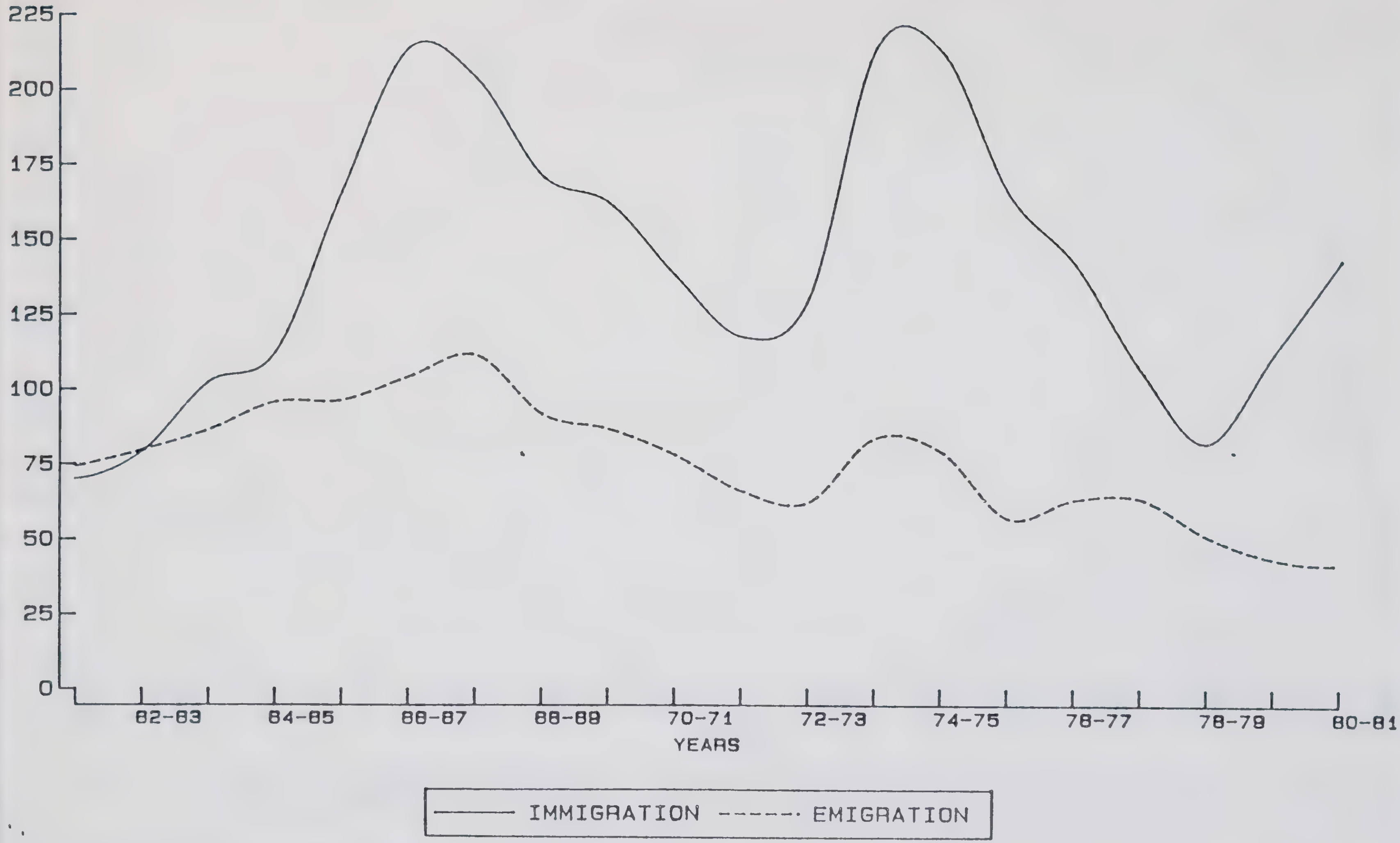

OUTLOOK
UNEMPLOYMENT RATES BY AGE - SEX TO 1985
ALL
YOUTH
ADULT MEN
ADULT WOMEN
RATES
22.0
18.0
14.0
10.0
6.0
2.0
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
YEARS

	EMPLOYMENT IN 1981	GROWTH SINCE 1971	DISTRIBUTION OF GROWTH
	000'S	000'S	%
TOTAL ALL INDUSTRIES	10,933	2,829	100.0
GOODS-PRODUCING INDUSTRIES	3,563	573	20.3
AGRICULTURE	484	-30	-5.2
OTHER PRIMARY INDUSTRIES	314	93	16.2
MANUFACTURING	2,120	354	61.8
CONSTRUCTION	645	156	27.2
SERVICE-PRODUCING INDUSTRIES	7,370	2,256	79.7
TRANSPORTATION, COMMUNICATION AND OTHER UTILITIES	904	197	8.7
TRADE	1,875	540	23.9
FINANCE, INSURANCE AND REAL ESTATE	592	193	8.6
COMMUNITY, BUSINESS AND PERSONAL SERVICE	3,238	1,110	49.2
PUBLIC ADMINISTRATION	761	216	9.6

IMPLICATIONS
FOR
IMMIGRATION

TOTAL IMMIGRATION AND EMIGRATION
1961 - 1980
(000'S)



NOTE: IMMIGRATION FIGURES FOR 1979-1980 AND 1980-1981 ARE FOR THE CALENDAR YEAR.

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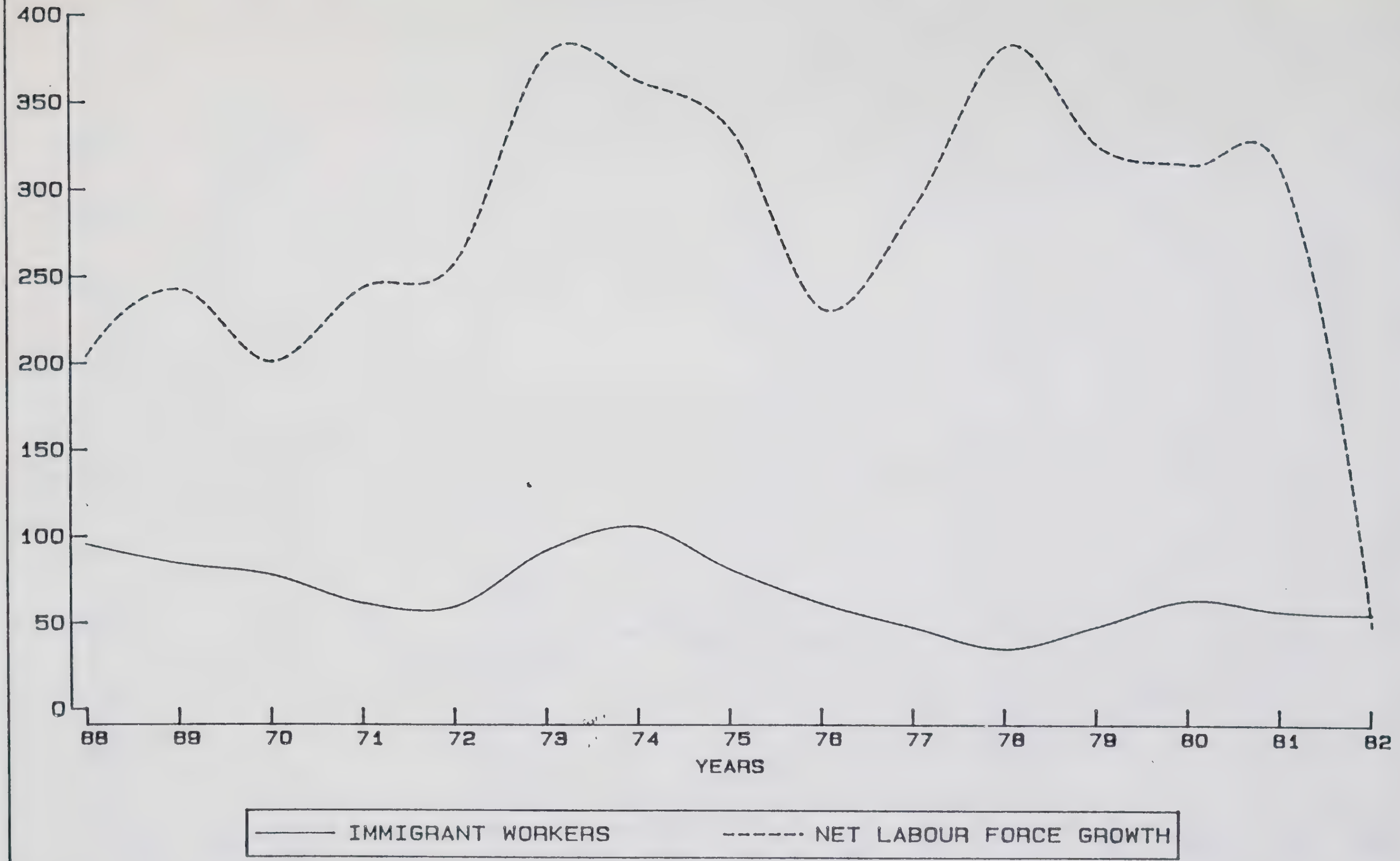
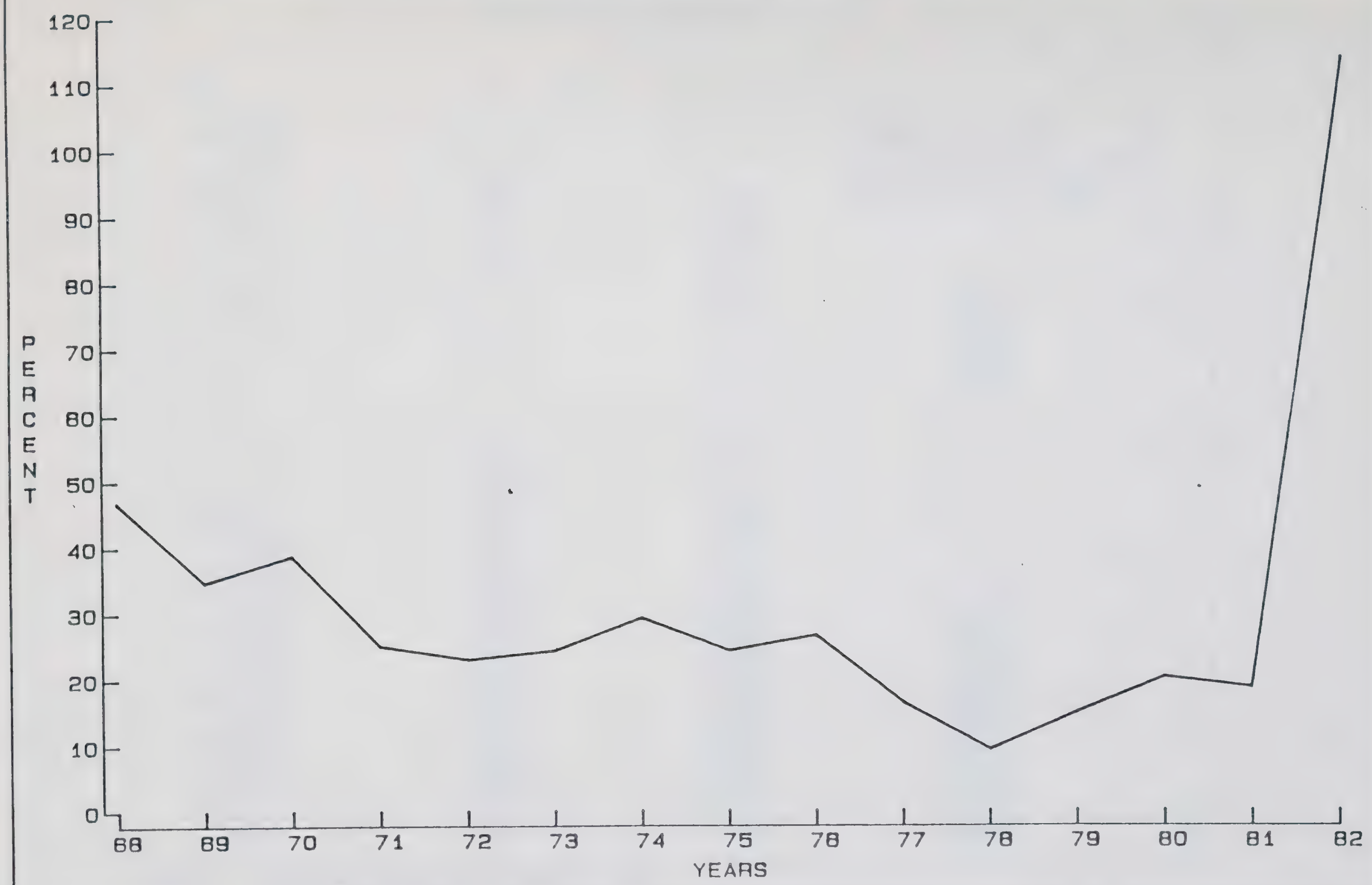
IMMIGRANT WORKERS AND NET LABOUR FORCE GROWTH
(000'S)



NOTE: 1982 FIGURES ARE ESTIMATES.

IMMIGRANT WORKERS AS A PERCENTAGE OF NET LABOUR FORCE GROWTH



NOTE: 1982 FIGURES ARE ESTIMATES.

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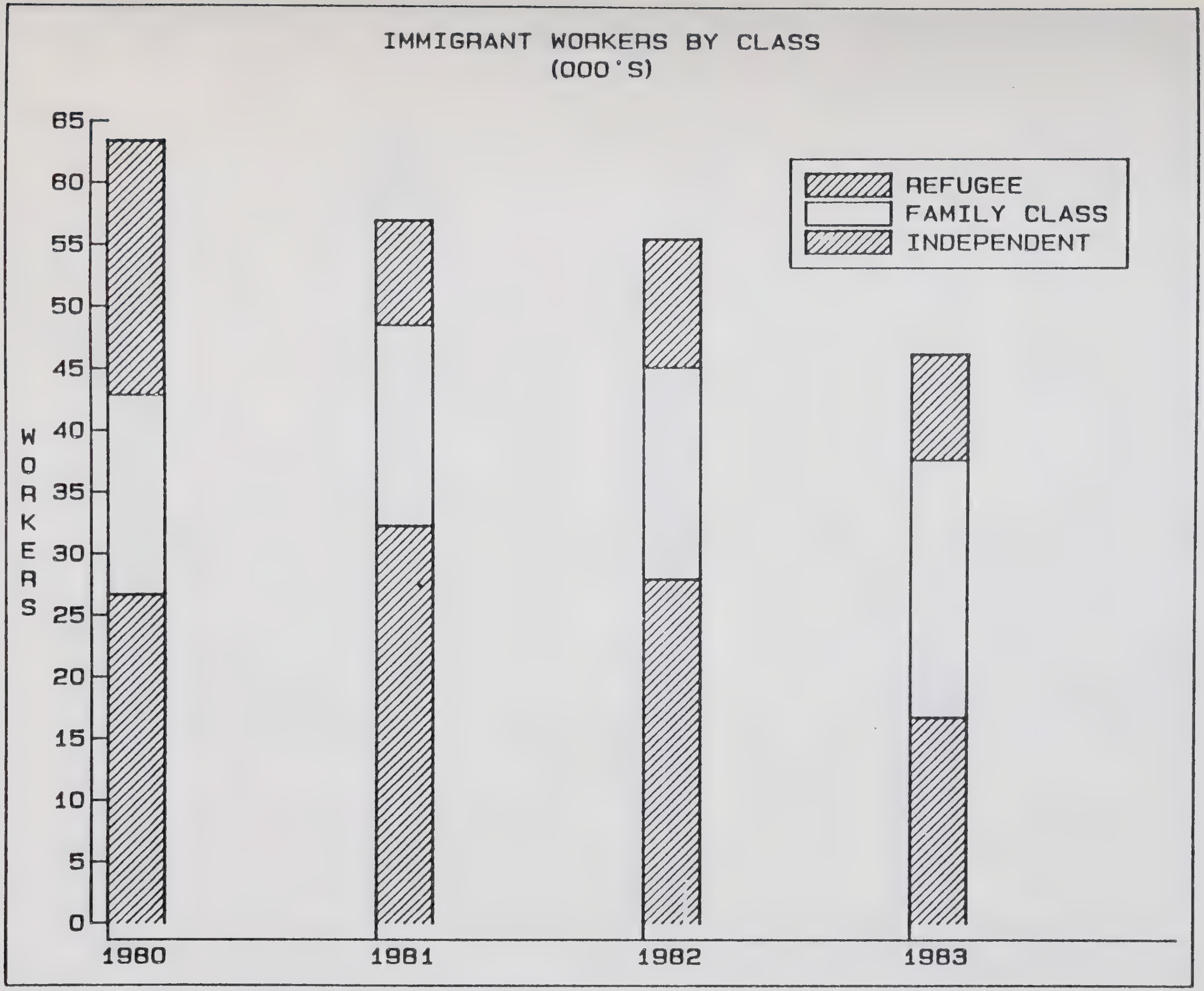
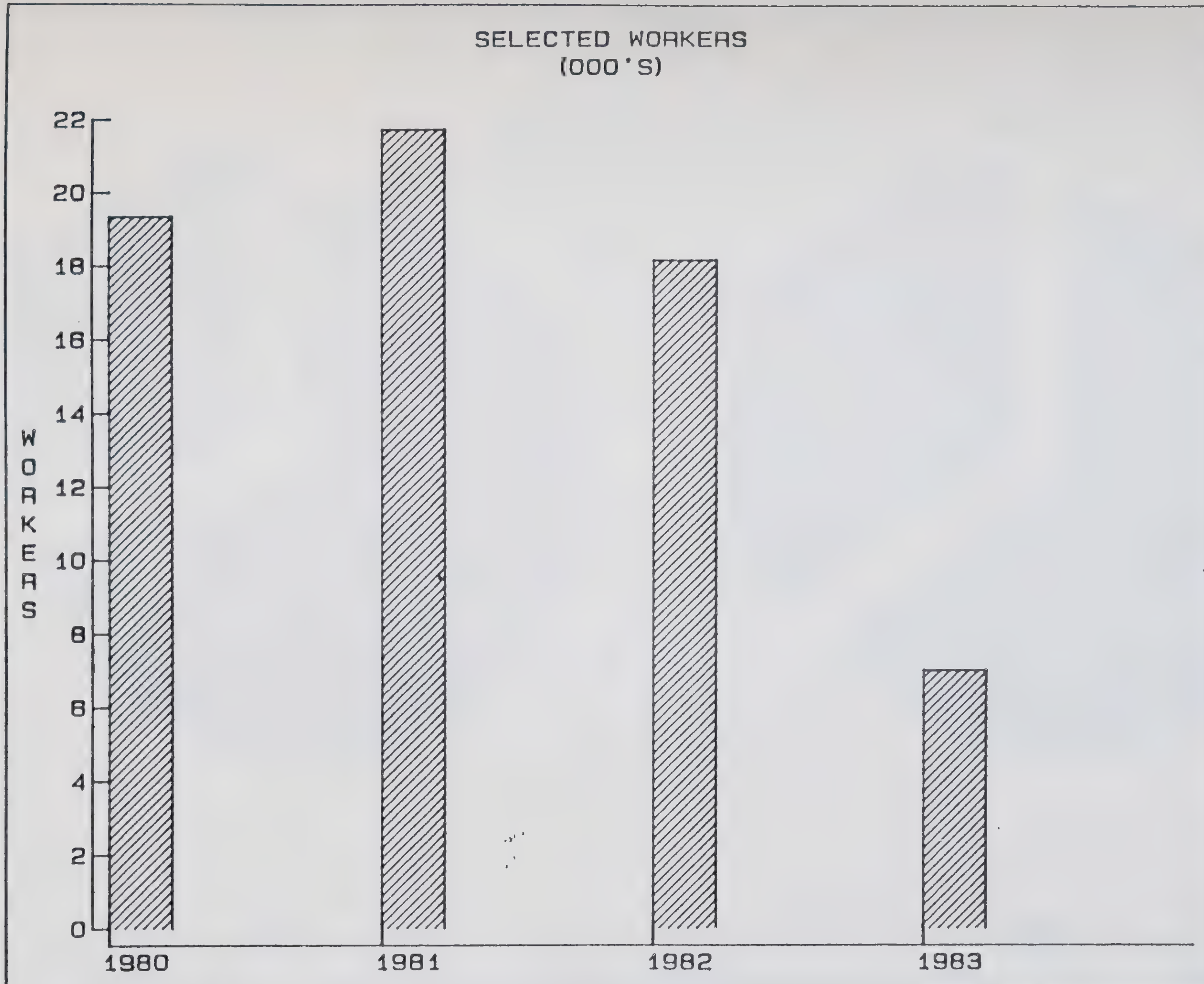
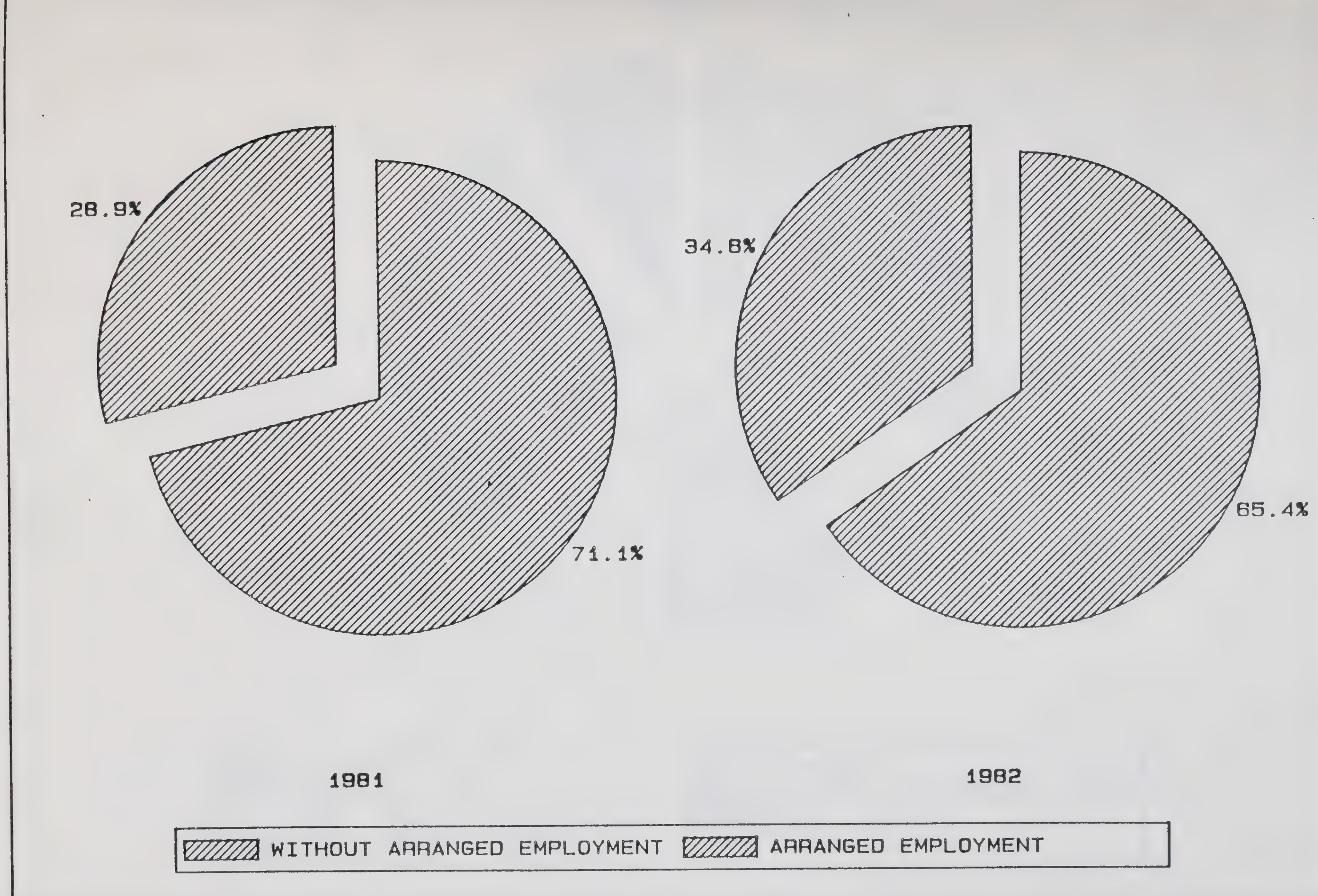


NOTE: 1983 FIGURES ARE PROJECTED.

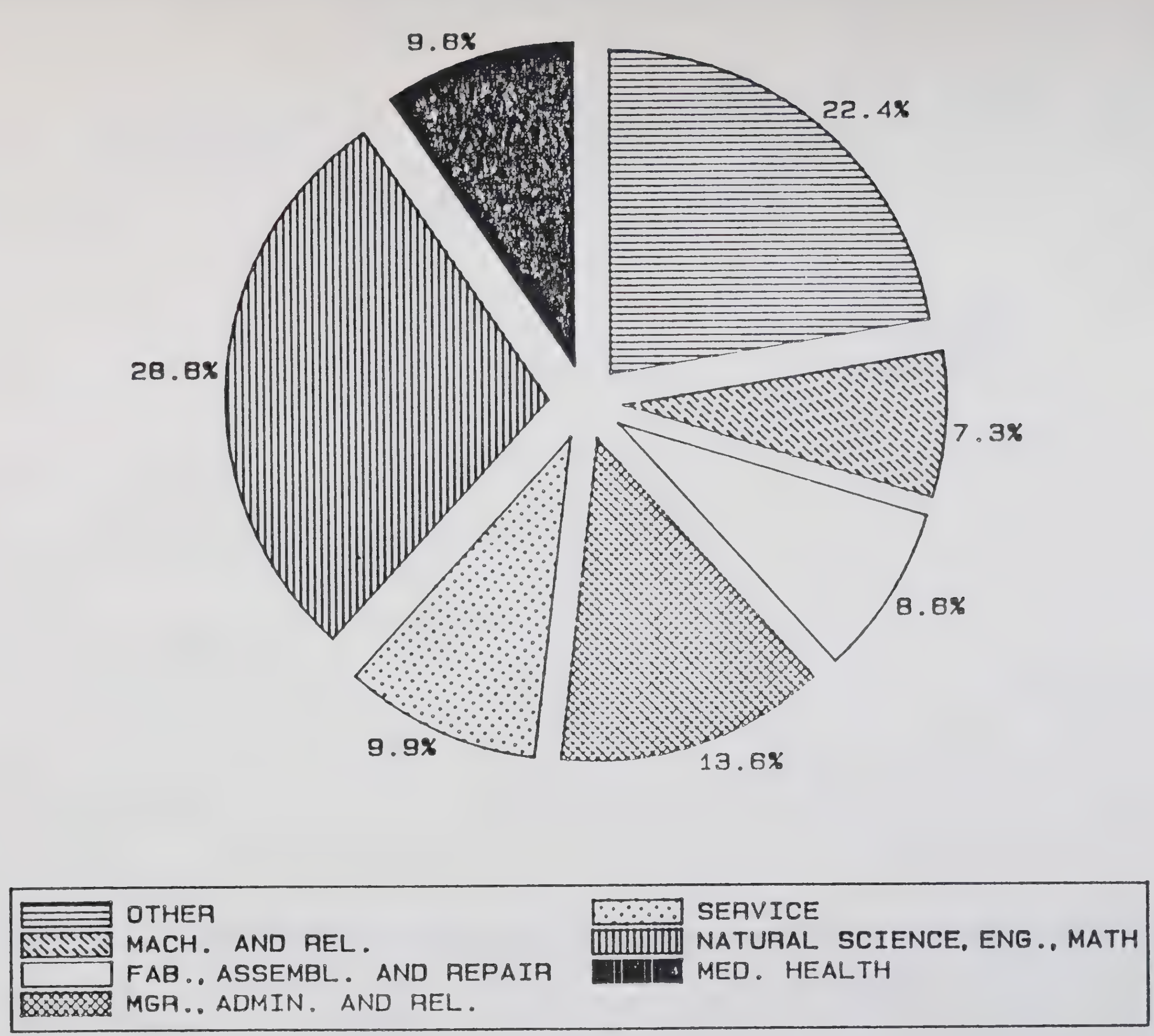


NOTE: 1983 FIGURES ARE PROJECTED.

SELECTED WORKERS WITH AND WITHOUT ARRANGED EMPLOYMENT



OCCUPATIONAL COMPOSITION OF ARRANGED EMPLOYMENT
1982



PLANNING LEVELS ANNOUNCED NOVEMBER 1982

	TOTAL IMMIGRATION	SELECTED WORKERS
1983	105,000-110,000	8,000-10,000
1984	115,000-125,000	
1985	120,000-135,000	